

**MINUTES OF REGULAR MEETING
ILLINOIS GAMING BOARD
July 24, 2001
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

The Illinois Gaming Board ("Board") held its Regular Meeting on July 24, 2001, in the Sauganash West Ballroom at the Holiday Inn, Chicago Mart Plaza, 350 North Orleans Street, Chicago, Illinois pursuant to the Illinois Open Meetings Act, 5 ILCS 120/1 et seq.

The following Board Members were present: Chairman Gregory C. Jones and Members Robert Mariano, Ira Rogal, Elzie Higginbottom, and Stuart P. Levine.

Also in attendance were: Administrator Sergio E. Acosta, Deputy Administrators Joseph Haughey, Allan S. McDonald, Thomas Swoik, James W. Wagner, and Deputy Chief Legal Counsel Jeannette P. Tamayo, as well as other members of the staff.

Chairman Jones convened the July 24, 2001 Regular Meeting at 9:40 A.M. in the Shakespeare Conference Room at the Holiday Inn, Chicago Mart Plaza, 350 North Orleans Street, Chicago, Illinois. Member Levine moved **that the Board retire to Closed Session pursuant to Section 2(c), paragraphs (1), (11), (14), and (21) of the Open Meetings Act, and Section 6(d) of the Riverboat Gambling Act to discuss the following subject matters:**

- 1. Pending litigation and matters involving probable litigation;**
- 2. Investigations concerning applicants and licensees;**
- 3. Personnel matters; and**
- 4. Closed session minutes.**

Member Mariano seconded the motion. The Board adopted the motion by unanimous consent, and retired to closed session.

The Board convened its Open Session at 2:00 P.M.

Chairman Jones welcomed the two new Board members, Elzie Higginbottom and Robert Mariano, who were both appointed effective July 1, 2001 by Governor Ryan. Chairman Jones stated that the two new members have replaced former Board members Staci Yandle and Mac Ryder, whose terms expired on June 30, 2001. Chairman Jones commended Ms. Yandle and Mr. Ryder for their outstanding services and commitment to the Board. Chairman Jones stated that both Ms. Yandle and Mr. Ryder were dedicated to public service and to the Riverboat Gaming Act's goals of promoting investment and economic development, and that they had done so in a manner that inspired confidence and public trust in the integrity of gaming operations and the regulatory process.

Dissemination of Closed Session Minutes

Member Higginbottom moved that **all portions of the closed session minutes of the Illinois Gaming Board from December 5, 2000 through and including May 30, 2001, for which the need for confidentiality no longer exists be made available for public inspection in accordance with the Open Meetings Act.**

Member Mariano seconded the motion. The Board approved the motion unanimously by voice vote.

NEW BUSINESS ITEMS

MOTION TO PLACE ELGIN RIVERBOAT RESORT d/b/a GRAND VICTORIA RIVERBOAT CASINO ON THE AGENDA

Member Mariano moved that, **the discussion of a proposed settlement in the administrative hearing entitled "In re the Disciplinary Action of Elgin Riverboat Resort d/b/a Grand Victoria Riverboat Casino be placed on the public agenda for deliberation and decision.** Member Mariano further moved that **the Agenda for open session for today's meeting be amended to include "Administrative Hearings - Elgin Riverboat Resort d/b/a Grand Victoria Riverboat Casino" as topic number 13.** Member Levine seconded the motion. The Board approved the motion unanimously by voice vote.

MOTION TO PLACE DISCIPLINARY COMPLAINTS AND ARGOSY GAMING COMPANY ON THE AGENDA

Member Levine moved that **the Board add "Disciplinary Complaints" to the Agenda.** Member Levine further moved that **the discussion of a proposed Disciplinary Complaint and proposed settlement of that Disciplinary Complaint be placed on the public agenda for deliberation and decision.** Member Levine further moved that **the Agenda for the open session for today's meeting be amended to include "Disciplinary Complaints - Argosy Gaming Company" as topic number 14.** Member Mariano seconded the motion. The Board approved the motion unanimously by voice vote.

Administrator's Report

Administrator Acosta welcomed the new Board members and stated that he looks forward to working with them in the future. Administrator Acosta stated that staff had great admiration and affection for former Board members Staci Yandle and Mac Ryder. Administrator Acosta stated that Ms. Yandle and Mr. Ryder were dedicated public servants, who did the right thing for the right reasons. Administrator Acosta stated that staff has great respect for Ms. Yandle and Mr. Ryder and wish them the best. Administrator Acosta recognized Greta Doumanian, who is no longer with the Gaming Board. Administrator Acosta stated that Ms. Doumanian served for about 2 ½ years on the Gaming Board's Legal staff, and that she did an outstanding job. Administrator Acosta stated that staff wishes her well in her new pursuits.

Public Commentary

Wayne A. Johnson, Chief Investigator, Chicago Crime Commission, was present to discuss Emerald Casino's application. Mr. Johnson stated that the Emerald investors continue to include individuals who are business associates of organized crime. Mr. Johnson stated that in addition, the project still continues to be plagued with the likelihood that individuals and companies associated with organized crime will worm their way into the construction and operation of Emerald Casino and Rosemont. On behalf of the Chicago Crime Commission, Mr. Johnson urged the Board to reaffirm its decision of January 2001 and reject the Emerald application.

Susan S. Gouinlock, Executive Director, Illinois Casino Gaming Association, was present to discuss two projects that the ICGA is working on, Responsible Gaming Education Week 2001 and the Illinois Coalition to Curve Problem Gambling in Illinois. The coalition is a task force that ICGA has been developing to bring together public and private organizations to address problem gambling in Illinois today. Ms. Gouinlock stated that since 1998 the Casino Industry's national trade association, the American Gaming Association, has organized Responsible Gaming Week to raise awareness of problem gambling and to promote responsible gambling across the United States. Ms. Gouinlock announced that Responsible Gaming Education Week 2001 will take place August 6th – 10th. Ms. Gouinlock stated that during that week, each Illinois casino will be conducting special events with its employees and its communities related to problem gambling. Ms. Gouinlock stated that some of the activities would include employee meetings to discuss problem gambling, meetings of mental health providers and local officials, and essay contest among employees to promote awareness of problem gambling.

Tom Grey, Executive Director, National Coalition Against Legalized Gambling, was present to discuss the regulation of gambling. Mr. Grey stated that the regulatory process changed with the election of Governor Ryan who created a “let’s make a deal atmosphere”, which creates the problem that the new Board is now facing. Mr. Grey stated that in January of this year, staff recommended rejection of the Emerald license and the Board accepted and voted to reject it. Mr. Grey stated that from a public perspective, this decision created a sense that the regulatory process was working to safeguard the public from the “insidious influence of organized crime.” Mr. Grey stated that the original deal makers campaigned in Springfield using pro-gambling legislators to find a way to get the deal done by introducing a bill to merge the Racing Board and the Gaming Board, then by introducing a bill to add two additional members to the Board. Mr. Grey stated that the Governor chose not to take a position on the bills and then the legislature chose not to go forward. Mr. Grey stated that then out of the blue the Governor replaced two members who voted “no” to the Emerald Casino with two new members using the rationale that they would provide new business insight to the Emerald litigation that is ongoing. Mr. Grey stated that in the public’s eye, this was a clear act to subvert the regulatory process. Mr. Grey asked the three most recent elected Board members to declare their willingness to ensure the public’s confidence and integrity of the regulatory process by recusing themselves of any action upon the Emerald license.

Isaac Jones, Publisher, The Austin Voice, was present to discuss discrimination involving Illinois Casinos and their advertising policies. Mr. Jones stated that The Austin Voice is a free newspaper that is totally supported by advertising revenue. Mr. Jones stated that through its 16 year history, The Austin Voice has built a large and loyal readership who knows that the paper does not accept all businesses who come to it seeking to place advertisements in the paper. Mr. Jones stated that since casinos have been legal in the State of Illinois, The Austin Voice has actively solicited advertisements for all riverboat casinos in Northern Illinois and have been refused or ignored each time. Mr. Jones stated that a review of all Black newspapers in Chicago reveals that none of them regularly carry casino advertisements, while hundreds of thousands of dollars of advertisement are purchased annually by casinos in White owned newspapers. Mr. Jones recommended that casinos place ads in ethnic and neighborhood newspapers. Mr. Jones offered to share his expertise with the casinos on advertising agencies and how to effectively reach the African-American market.

Mr. and Mrs. John Gabcik were present to discuss their son Larry Gabcik. Mr. Gabcik stated that his son’s life ended due to a gambling addiction. Mr. Gabcik stated that Larry started gambling in May of 1996, and from March of 1997 to his death in April, Larry bounced around between living at homeless shelters, jail, and in apartments where he was constantly evicted for not paying his rent. Mr. Gabcik stated that Larry constantly gambled whatever money he could get his hands on. Mr. Gabcik stated that during the first month of Larry’s gambling problem, he knew nothing about gambling as a compulsion. Mr. Gabcik stated that by the time he realized that his son had a problem, he was so addicted that despite counseling, religious guidance, and family, he could not stop gambling. Mr. Gabcik stated

that whatever is being done about compulsive gambling is not nearly enough. Mr. Gabcik urged the Board to make the public more aware of compulsive gambling.

Board Policy Items

Deputy Chief Legal Counsel, Jeannette Tamayo, stated that the Board previously authorized First Notice filing of the proposed amendment to Board Rules 3000.100, 3000.271, 3000.650, and 3000.655. Ms. Tamayo stated that these rules deal with non-alterable storage media. Ms. Tamayo stated that staff has proposed creating a definition for non-alterable storage media and authorizing its use in Illinois and modifying the rules to allow implementation of this technology. Ms. Tamayo stated that comments have been received for nearly two years, all of which support the proposed change. Ms. Tamayo stated that the Board recommended that staff submit the proposed rule changes to Gaming Laboratory International, Inc. in February 2000 to obtain its assessment. Ms. Tamayo stated that the response that staff received from GLI was very positive.

Member Higginbottom moved that **the Board authorize staff to submit proposed Rules 3000.100, 3000.271, 3000.660 and 3000.665 for Second Notice Filing with the Joint Committee on Administrative Rules.**

Member Higginbottom further moved that **the Board authorize the final adoption and publishing of the above-referenced rules, provided no material changes are made to these rules during the Second Notice process.**

Member Rogal seconded the motion. The Board approved the motion unanimously by voice vote.

Owner Licensee Items

HARRAH'S CASINO, JOLIET – EXPANSION PROJECT – Chris Riley, Director of Finance, was present on behalf of Harrah's Casino Joliet. Mr. Riley presented the Board with a slide presentation of Harrah's barge construction project. Mr. Riley stated that all Internal Control submissions for the transition phase, as well as the permanent changes have been submitted, and Harrah's is working closely with staff on it. Mr. Riley stated that the project is on budget and on schedule for completion.

Chairman Jones asked Mr. Riley when the construction would be completed. Mr. Riley stated that they are looking to complete construction by early October.

Member Higginbottom asked Mr. Riley if new positions would be added once the project is completed. Mr. Riley stated that there would not be a need to add more and that they aren't going to require a Marine operation staff.

Member Higginbottom asked if Harrah's Casino Joliet had an Affirmative Action plan as it relates to hiring and vendors that Harrah's does business with. Mr. Riley stated that Harrah's has an affirmative action plan.

Member Mariano asked Mr. Riley if any of the retail space that Harrah's is working on would be set aside for local merchants or would all tenants be national. Mr. Riley stated that there are some national tenants, however, he can't say for sure who is on the list at this time or whether it's local or just national.

Mr. Mariano asked if there was an effort to ensure that someone from the Joliet area would occupy one of the three spaces available for retail. Mr. Riley stated that he isn't sure as of yet, the details are still being worked out and no contracts have been set with any retail vendors at this point.

Member Rogal asked if Harrah's is working with the City of Joliet. Mr. Riley stated that Harrah's is working with the Joliet Chamber of Economic Development, who is doing the marketing and selection of the retailers.

PLAYER'S CASINO – EXPANSION PROJECT – Mike Crider, Senior Vice President and General Manager, was present on behalf of Players Casino. Mr. Crider gave the Board a brief update and presented a film showing the status of Player's expansion project. Mr. Crider stated that Player's anticipate opening the new boarding facilities with the restaurant in mid August. Mr. Crider stated that in September, Player's will introduce a new casino vessel that is currently under renovation, which will offer approximately 30% more space than the current facility offers.

Member Higginbottom asked if Player's has an affirmative action program. Mr. Crider stated that Player's has an affirmative action program for its employees. Member Higginbottom asked what percentage of the \$42 million dollars in construction is going to minorities. Mr. Crider apologized and stated that he does not have that information.

Member Mariano asked if the head count would be up, down, or remain the same after the project is completed. Mr. Crider stated that Player's expect an increase of about 10%. Member Mariano asked if the 10% would be hired from within the area or would Player's move people from other areas. Mr. Crider stated that 95% or more would be hired from the local communities.

Member Mariano asked if Player's has a practice of promoting from within. Mr. Crider stated that Player's is in the practice of promoting within, and that he is involved in a process for development of the staff within the organization. The amount of training provided and the continued development of staff are critical components of our growth.

Member Mariano asked if Player's encourage employees to continue on with their education. Mr. Crider stated that that Player's has a continued education program and a tuition reimbursement program.

Member Rogal asked what prompted the project. Mr. Crider stated that the acquisition of Player's by Harrah's was the major driving force. Mr. Crider stated that the acquisition by Harrah's last March and the evaluation of the facilities and the property and the potential for the property were the major factors in driving the improvements necessary.

HOLLYWOOD CASINO – PROPOSED FACILITY RECONFIGURATION –Ed Pratt, President of Hollywood Casino, was present on behalf of Hollywood to update the Board on the status of its proposed facility reconfiguration. Mr. Pratt provided the Board with a slide presentation. Mr. Pratt stated that the approximate cost of the project is \$72 million dollars and that the entire project is scheduled to be completed by June of next year.

Member Higginbottom asked Mr. Pratt about Hollywood's affirmative action plan. Mr. Pratt stated that in terms of employees, Hollywood has an affirmative action plan, however, in terms of construction Hollywood has a general contractor, Wagman Construction, and that he didn't know the breakdown of minority workers but it is entirely built by local sub-contractors.

Member Higginbottom stated that it seems to him that owners would encourage their general contractors and people that they do business with to try to provide economic opportunities for people who have missed economic opportunities in this state in the past. Mr. Pratt stated that he agrees with Mr. Higginbottom 100% and that he thinks that is the case with Wagman Construction. Mr. Pratt stated that Hollywood has always encouraged them to use local labor, meaning directly out of Aurora and the surrounding cities and communities. Mr. Pratt stated that he would be more than happy to provide the Board with the information that Mr. Higginbottom is requesting.

Member Mariano asked Mr. Pratt questioned the number of positions today and asked what would the number of positions be once the project is completed. Mr. Pratt stated that Hollywood is currently at the maximum, 1200 positions, and that they would maintain that number. The project allows Hollywood to have a more comfortable environment for its customers. Mr. Pratt stated that Hollywood would have the same number of positions and virtually almost twice the square footage. Mr. Pratt stated that Hollywood would have a higher component of slot machines to gaming. Mr. Pratt stated that Hollywood's gaming positions are going down slightly and their number of slot machines is going up slightly.

Member Mariano asked Mr. Pratt what Hollywood's procedures are to ensure that people underage do not board the facility. Mr. Pratt stated that Hollywood has very strict underage policies. Mr. Pratt stated that security is very tight in all entrances, and that if a person looks remotely under the age of 26 security asks to see their identification.

CASINO QUEEN – LICENSE RENEWAL- Craig Travers, General Manager, was present on behalf of Casino Queen to request license renewal.

Administrator Acosta stated that staff did have some difficulty in getting some of the information from some of the Key Persons. Administrator Acosta stated that staff has discussed the issue with Mr. Travers and the other representatives of Casino Queen and staff expects that in the future it would no longer be a problem. Administrator Acosta stated that staff does recommend that the Board approve the renewal of Casino Queen's license.

Mr. Travers stated that, Casino Queen addressed that issue during their final interview with Mr. Acosta and staff. Mr. Travers stated that during Hollywood's Board meeting, which occurred three days later, they were very adamant with regards to ownership and getting information supplied to not only Casino Queen, but to the Board in a more prompt manner.

Member Higginbottom stated that he understands from the staff's report that Casino Queen has been very aggressive in trying to provide economic opportunities in East St. Louis. Member Higginbottom commended Mr. Travers and Casino Queen for its efforts. Member Higginbottom stated that, economic opportunity is what we need because part of the Illinois Gaming Board's Act is about economic benefits. Mr. Travers stated that Casino Queen had an agreement with the City of East St. Louis during their redevelopment project which required a minimum of 25% minority participation in all construction phases and Casino Queen exceeded that percentage.

Chairman Jones stated that another area that had been a problem is underage gambling, however, Casino Queen has properly and aggressively addressed that issue. Chairman Jones stated that he thinks Casino Queen cards far more in percentage of their visitors than any other casino.

Based on a review of the staff's investigation and recommendation, Member Levine moved that **the Board approve the Owner's License of the Casino Queen, Inc. for a term of 4 years expiring in July 2005.**

Member Levine further moved that, **based on the staff's investigation and recommendation the Board certify and approve the following positions and persons as Key Persons of the Casino Queen, Inc.:**

1. **President;**
2. **Directors of the Board;**
3. **Charles W. Bidwill;**
4. **Michael J. Gaughan;**
5. **Michael B. Gowney;**
6. **Patrick B. Kenny;**
7. **James G. Koman;**
8. **William J. Koman, Sr.;**
9. **William J. Koman, Jr.;**
10. **Timothy J. Rand; and**
11. **Franklin Toti.**

Member Rogal seconded the motion. The Board approved the motion unanimously by voice vote.

CASINO QUEEN – REQUEST FOR APPROVAL OF LEASE FINANCING

AGREEMENT – Craig Travers, General Manager, was present on behalf of Casino Queen to request approval of its lease financing agreement.

Based on a review of the staff's investigations and recommendation, Member Rogal moved **that the Board approve Casino Queen's request to enter into a lease financing agreement with Banc of America Leasing & Capital, LLC for an amount not to exceed \$3.5 Million and delegate to the Administrator, under Board Rule 3000.230(d)(2), final approval of the transaction upon execution of the appropriate documents.** Member Higginbottom seconded the motion. The Board approved the motion unanimously by voice vote.

ARGOSY/EMPRESS ACQUISITION – Member Rogal stated that, based on the advice of counsel, he is not voting or participating in the discussion on this issue, due to the fact that his partner is a partner in a hotel in Springfield and has been for many years.

Mr. William Kunkle was present on behalf of Horseshoe Gaming Corp., and Mr. Don Malloy was present on behalf of Argosy to request final approval of the Argosy/Empress acquisition.

Administrator Acosta stated that staff has undertaken a very thorough investigation regarding the proposed transaction for a number of months. Administrator Acosta stated that there are no concerns with respect to the financial aspect of the transaction, however, one area that is of significant concern to staff is the relationship between Argosy Gaming and Nii-jii. Administrator Acosta stated that Nii-jii is a company in which Argosy is involved with respect to an Indian gaming facility in Wisconsin. Administrator Acosta stated that staff's concerns related to the lack of appropriate due-diligence on the part of Argosy Gaming prior to entering into its contractual relationship with Nii-jii. Administrator Acosta stated that there is an affirmative obligation on the part of our licensees and the Key Persons of our licensees to check out other individuals prior to entering into business associations with them. Administrator Acosta stated that it is staff's opinion that in this particular case, Argosy did not conduct an appropriate due-diligence investigation. Administrator Acosta stated that staff has serious concerns about some of the business practices of Nii-jii, as well as certain associations involving one of the principles of Nii-jii in terms of his past business associations. Administrator Acosta stated that staff is recommending that the Board issue a disciplinary complaint against Argosy Gaming for its failure to conduct an appropriate due-diligence investigation of Nii-jii. Administrator Acosta stated that once staff became aware of this issue and started investigating it, Argosy, and its management fully cooperated and have readily conceded that more could have been done prior to them entering into the business arrangement with Nii-jii. Administrator Acosta stated that staff appreciates Argosy's candor and their assistance during the course of the investigation. Therefore although staff is recommending a disciplinary action, staff is, at the same time, recommending that the Board approve the proposed transaction. Administrator Acosta stated that staff is recommending

that the Board condition its approval to ensure that Argosy will disassociate itself from Nii-jii. Administrator Acosta stated that staff is also recommending that Argosy submit to the Administrator within a short period of time, a comprehensive due-diligence plan to be implemented by Argosy and its affiliates in Illinois with respect to any future business dealings or proposed management contracts so that the problems that have arisen in this case could be avoided in the future.

Member Mariano offered the following resolution:

Whereas, Argosy Gaming Company (hereafter “Argosy”) and Empress Casino Joliet Corporation (hereafter “Empress”) have entered into an Agreement and Plan of Merger, pursuant to which Empress will become a wholly-owned subsidiary of Argosy, ("Acquisition"); and

Whereas, Argosy, through its subsidiaries, will be the holder of a one hundred percent (100%) ownership interest in the Empress; and

Whereas, Argosy and Empress Casino Joliet Corporation consent to receive, and commit not to appeal the issuance of, a restricted license for a term of one year expiring in July 2002; and

Whereas, following the Acquisition, Argosy, through its subsidiaries, will own two ownership interests under the Riverboat Gambling Act, 230 ILCS 10/1 et seq., (the “Act”); and

Whereas, Public Act 91-40 deleted Section 7(a)(7) of the Act, which previously provided that; “[a] person, firm or corporation is ineligible to receive an owner’s license if ... the person, firm or corporation owns more than a 10% ownership interest in an entity holding an owner’s license issued under [the] act”; and

Whereas, because of a lawsuit challenging the constitutionality of Public Act 91-40, which became effective June 25, 1999, there is a possibility that Public Act 91-40 and/or any single provision contained therein may be found to be invalid, and that Section 7(a)(7) of the Act, as it existed, may be reinstated; and

Whereas, the Board has received an agreement, executed by Argosy, providing that in the event Section 7(a)(7) of the Act is reinstated, Argosy shall, within one day of such determination, transfer its ownership interest in Empress to a trust; and

Whereas, the Board has also received an agreement executed by LaSalle Bank National Association, wherein LaSalle Bank National Association agrees to hold the ownership interest in Empress in trust in the event Section 7(a)(7) of the Act is reinstated; and

Whereas, the Board has agreed that, if Section 7(a)(7) of the Act is reinstated into law and Argosy transfers its ownership interest in Empress to a trustee, Argosy or a subsidiary of Argosy may function as a manager of Empress under the terms of Acquisition, attached to the Transfer of Ownership Agreement.

NOW, THEREFORE,

Be it resolved, that, on this date, the Board approves the Acquisition.

Be it resolved, that the Board approves the request of Argosy Gaming Company for additional financing of up to \$475 Million in debt and delegates to the Administrator, under Board Rule 3000.230(d)(2), final approval of the transaction upon execution of the appropriate documents.

Be it resolved, that the Board approves the renewal of the Owner's License of the Empress Casino Joliet Corporation for a restricted term of one year expiring in July 2002, as provided in Section 14 of the Board's January 30, 2001 Empress Casino Joliet Settlement Agreement.

Be it resolved, that the Board finds the initial finding of unsuitability contained in the June 30, 2000 Notice of Denial issued against the Empress Casino Joliet Corporation has no effect upon Argosy Gaming Company.

Be it resolved, that the Board approves the Trust Agreement and Transfer of Ownership Agreement by and between Argosy, LaSalle Bank National Association and this Board.

Be it further resolved, that the Board adopts the Management Agreement, as an Exhibit to the Transfer of Ownership Agreement, to be executed pursuant to its terms.

Further, be it resolved that, in the event Section 7(a)(7) of the Act is reinstated and Argosy transfers its ownership interest in Empress to a trust as set forth under the Trust Agreement, executed as of this date, the Board, pursuant to Board Rule 3000.260, waives application of the definition of Supplier under Board Rule 3000.100 for the purpose of permitting Argosy to operate as the manager of Empress, pursuant to the Management Agreement, provided, however, that Argosy maintains the eligibility and suitability requirements of an Owner as set forth under Section 7 of the Act, exclusive of Section 7(a)(7).

Member Mariano moved that **the Board adopt this Resolution and impose the following conditions:**

- 1. Argosy Gaming Company and its affiliates shall immediately undertake all steps necessary to economically disassociate themselves with NII-JII Entertainment, LLC by no later than October 1, 2001.**
- 2. Argosy Gaming Company shall, within 15 days, develop a comprehensive due diligence plan, subject to the approval of the Administrator, to ensure the integrity and accountability of those persons or entities with whom it or its Illinois affiliates conducts business and shall implement fully the approved plan within 15 days after approval by the Administrator.**

Member Mariano further moved that, **based on the staff's investigation and recommendation the Board certify and approve the following entity, positions and persons as Key Persons of the licensee:**

- 1. Argosy Gaming Company**
- 2. Directors of the Board of the Empress Casino Joliet Corporation;**
- 3. President of Empress Casino Joliet Corporation;**
- 4. Chief Executive Officer of Empress Casino Joliet Corporation;**
- 5. Executive Director of Internal Audit of Empress Casino Joliet Corporation;**
- 6. William F. Cellini;**
- 7. F. Lance Callis;**
- 8. James B. Perry;**
- 9. William John McEnery; and**
- 10. James A. Gulbrandsen.**

Member Mariano further moved that, **pursuant to Section 6 of the Board's January 30, 2001 Empress Casino Joliet Settlement Agreement, the Board:**

- 1. Accept Mr. Jack Binion's request to withdraw his application as a Key Person of the Empress Casino Joliet Corporation.**
- 2. Accept the request of the Empress Casino Joliet Corporation to withdraw as moot that portion of its July 26, 2000 Verified Request for Hearing that relates to Mr. Jack Binion; and**

3. **Determine that its initial finding of unsuitability, as to Mr. Jack Binion only, has become moot and without legal or practical significance for the purposes of licensing the Empress Casino Joliet Corporation in Illinois.**

Member Higginbottom seconded the motion. The Board approved the motion by a 4-0 vote. Member Rogal recused himself from this vote.

CASINO ROCK ISLAND – RECONFIGURATION – Donna More, Attorney, and Ron Wicks, President of Casino Rock Island, were present on behalf of Casino Rock Island to request approval of Rock Island's proposed reconfiguration. Mr. Wicks stated that at the last meeting Casino Rock Island submitted a plan to expand the current configuration of the Ockerson Barge at the facility. Mr. Wicks stated that Casino Rock Island would like to increase the number of slot machines by 125 and place 45 additional devices from the current casino. Mr. Wicks stated that Casino Rock Island is currently under engineering design and should have some final detailed drawings and specifications for Administrator Acosta to look at upon approval of the Board. In response to an inquiry by Member Rogal at last month's meeting, Mr. Wicks stated that revenue impact to the State of Illinois due to the expansion is \$1.1 million dollars and approximately \$500,000 dollars for the City of Rock Island.

Based on a review of the staff's investigation and recommendation, Member Levine moved that **the Board authorize Rock Island Boatworks, Inc. ("RIB") to proceed with its proposed reconfiguration project. The approval of the reconfiguration project is subject to RIB periodically, as directed by staff, updating the Board on the progress of the project and confirming approval of its project from the State Fire Marshal and other appropriate authorities.** Member Mariano seconded the motion. The Board approved the motion unanimously by voice vote.

CASINO ROCK ISLAND – SITE PROPOSAL – Donna More was present on behalf of Casino Rock Island to request approval for Casino Rock Island's site proposal. Ms More stated that the Board requested the AG to issue an opinion as to whether or not the Board had the authority to consider the issue of whether Casino Rock Island could make this intra-community move. Ms. More stated that she received the Attorney General's opinion right before the Board met last month. Ms More stated that Casino Rock Island has had an opportunity to review the AG opinion and she believes that the opinion doesn't take into account the implied authority that the Board has. Ms. More stated that she thinks that over the past twelve years this Board has taken numerous actions pursuant to its implied authority, and has done so because when the legislature passed the Riverboat Gambling Act, it could not foresee every eventuality that a Board or an agency would have to consider. She further stated that the administrative case law also recognized this authority and gives agencies, not just the Gaming Board, all of its implied authorities that can be gathered from the enabling act. Ms. More stated that one of the issues that specifically this Board had the authority to take action on is safety of patrons. Ms. More stated that in this particular instance with Casino Rock Island, if there is a location within the city of Rock Island that can afford even greater safety to the patrons and it's within the four corners of the Act, it seems that there

would be no reason why this Board could not take an action that would allow greater patron safety. Ms. More stated that the Attorney General's opinion does not address patron safety at all. Ms. More stated that the Attorney General's opinion has a very short discussion about economic development. Ms. More stated that in terms of economic development and promoting tourism in the City of Rock Island, the casino as well as the city, and the Mayor, have all said that the current location on the riverfront does not provide the ability to expand. Ms. More stated that the Attorney General's opinion discusses the whole concept of "on the Mississippi" and that Casino Rock Island is one of the boats that is specified to be on the Mississippi. Ms. More stated that Casino Rock Island has also addressed that issue in their submissions to the Board and staff and reviewed legislative history. Ms. More stated that her opinion of the review of legislative history is that what was intended was that Mississippi towns would be revitalized by the passage of this Riverboat Gambling Act. Ms. More stated that it was not the Mississippi River itself that needed an increase in river traffic, it was the towns that were depressed along the river. Ms. More stated that the concern when this was passed was that it was these towns that would continue to get the benefit of riverboat gambling and in fact, Rock Island's proposal keeps it within the City of Rock Island. Ms. More stated that it's the same community that they propose to move within and it's this community, as well as the owners of Casino Rock Island, that think there is a better location that meets the requirements of the Act. Ms. More stated that this new location is on Mississippi waters. Ms. More stated that there is certainly nothing in the Act that says "on the water" only applies to the boats in and around Cook County. Ms. More stated that based on her review of the Act and the intent of the Act to have casinos contribute to tourism and economic development, she thinks that this Board has the authority to allow an intra-community move with the community in full support of it.

Administrator Acosta asked Ms. More if it's Casino Rock Island's position that its patrons are in danger. Ms. More stated that it's not Casino Rock Island's position that its patrons are in danger, but all boats along the Mississippi, because of traffic, have "potential" because of where they are located. Ms. More stated that this Board, when it initially granted the license, obviously looked at where the site was and approved the site and throughout the years when there has been additional approvals, has approved different construction that the boat has done. Ms. More stated that now that Casino Rock Island has the ability not to be on a navigable waterway pursuant to the on the water provision, and with the idea of expanding to promote economic development and tourism, she doesn't feel that it's prudent to expand at the current location.

Administrator Acosta asked if the Coast Guard certifies, for purposes of Marine safety, the current facility. Ms. More stated that that was correct.

Ms. More stated that at the end of last week, Rock Island filed a declaratory judgement action. Ms. More introduced to the Board Mr. Tom Moffitt who is the lawyer handling the lawsuit.

Jeannette Tamayo stated that there is currently nothing that precludes the Board from taking final action on Casino Rock Island's request or addressing any of the safety concerns that they have raised during their legal pleadings and in their presentation today. Ms. Tamayo stated that staff has provided the Board with the Attorney General's opinion and it is up to the Board to determine, as matter of policy, whether to accept or not accept that opinion, and secondly whether to take final action with regards to Casino Rock Island's request.

Member Levine moved that **the Board adopt the May 30, 2001, opinion issued by Attorney General James E. Ryan as to the Board's authority to approve a relocation of the riverboat gaming operation of the Rock Island Boatworks, Inc. Further, in reliance upon that opinion, he moved that the Board deny the request of Rock Island Boatworks, Inc. to relocate its riverboat gaming operation from its authorized dock on the Mississippi River to another location inland within the same community.** Member Mariano seconded the motion. The Board approved the motion unanimously by voice vote.

Mr. Moffitt asked the Board if Casino Rock Island would receive a Notice of Denial. Ms. Tamayo stated that as a procedural matter, Casino Rock Island would receive a Notice of Denial.

Mr. Moffitt asked when the notice would be issued. Ms. Tamayo stated that it would be issued within the next few days.

Mr. Moffitt asked Ms. Tamayo when Casino Rock Island would be able to receive an Administrative Hearing once the Notice of Denial is issued. Ms. Tamayo stated that it would be up to him to determine what the legal recourse is at that point.

CASINO ROCK ISLAND – PAM JONES, INTERNAL AUDITOR – LEVEL ONE –Donna More was present on behalf of Pam Jones to request approval as a Level One.

Based on a review of the staff's investigation and recommendation, Member Mariano moved that **the Board approve Pam Jones as a Level 1 Occupational Licensee of Rock Island Boatworks, Inc.** Member Higginbottom seconded the motion. The Board approved the motion unanimously by voice vote.

CASINO ROCK ISLAND – SYLVIA WICKS – KEY PERSON – Donna More was present on behalf of Sylvia Wicks to request approval as a Key Person.

Based on a review of the staff's investigation and recommendation, Member Higginbottom moved that **the Board certify and approve Sylvia Wicks as a Key Person of Rock Island Boatworks, Inc.** Member Levine seconded the motion. The Board approved the motion unanimously by voice vote.

HARRAH'S CASINO, JOLIET – MICHAEL ST. PIERRE, GENERAL MANAGER – LEVEL ONE – Karen Wosnack was present on behalf of Michael St. Pierre to request approval as a Level One.

Based on a review of the staff's investigation and recommendation, Member Higginbottom moved that **the Board approve Michael St. Pierre as a Level 1 Occupational Licensee of Des Plaines Development Limited Partnership d/b/a Harrah's Casino Cruises Joliet.** Member Mariano seconded the motion. The Board approved the motion unanimously by voice vote.

ALTON BELLE CASINO – EWIN KNEZEVICH, SECURITY – LEVEL ONE – Don Malloy was present on behalf of Ewin Knezevich to request approval as a Level One.

Based on a review of the staff's investigation and recommendation, Member Mariano moved that **the Board approve Ewin Knezevich as a Level 1 Occupational Licensee of Alton Gaming Company.** Member Levine seconded the motion. The Board approved the motion unanimously by voice vote.

Suppliers Licensee Items

SHUFFLE MASTER, INC. – LICENSE RENEWAL – SHUFFLE MASTER, INC. – LICENSE RENEWAL – Based on the staff's investigation and recommendation, Member Mariano moved **the Board approve the Supplier's license of Shuffle Master, Inc. for a term of 4 years expiring 2005, and impose the following conditions:**

1. **Notify the Board on a timely basis when changes in Key Persons are made; and**
2. **Install, within one year, video surveillance technology to monitor at all times its storage facilities for E-PROMs, including but not limited to, the current and proposed E-PROMs storage room.**

Member Mariano further moved that, **based on the staff's investigation and recommendation, the Board to certify the following positions as Key Persons of the licensee:**

1. **President; and**
2. **Chief Executive Officer.**

Member Levine seconded the motion. The motion was approved unanimously by voice vote.

Occupational Licensees

Based on the staff's investigation and recommendation, Member Levine moved that **the Board approve 123 applications for an Occupational License Level 2, and 466 applications for an Occupational License Level 3.**

Member Levine further moved that **the Board direct the Administrator to issue Notices of Denial to the following six applicants for Level 2 and 3 licenses, each of whom previously received notice that staff intended to recommend denial and did not respond or provide additional information to rebut that recommendation:**

- 1. Reynaldo Berrios;**
- 2. Christine M. Bungard;**
- 3. Laura A. Danner;**
- 4. Jennifer L. Hoffman;**
- 5. Leroy Randell; and**
- 6. Jackie Williams-Cotton.**

Member Mariano seconded the motion. The Board approved the motion unanimously by voice vote.

Administrative Hearings/ALJ Reports

In re the Disciplinary Action of Elgin Riverboat Resorts d/b/a Grand Victoria

Based on the joint presentation by counsel and staff's recommendation, Member Higginbottom moved that **the Board accept the proposed settlement agreement and delegate to the Administrator the authority to execute such agreement. Further, he moved that the Board authorize legal counsel to present the proposed settlement agreement to Administrative Law Judge Jeffrey Shapiro for disposition of this matter in accordance with the terms of the settlement agreement.** Member Mariano seconded the motion. The Board approved the motion unanimously by voice vote.

Disciplinary Complaint

For the reasons stated by staff, Member Mariano moved that **the Board issue a Disciplinary Complaint against the Argosy Gaming Company, a Key Person, for its failure to comply with Board Rules 3000.110 and 3000.222 in not conducting appropriate and reasonable due diligence regarding the contractors with which it and its affiliates conduct business, and thus, not maintaining its suitability.**

Member Mariano further moved that **the Board impose a fine of \$100,000 on Argosy Gaming Company, said action to take effect twenty-one (21) days from the date of service of the complaint unless the licensee fails to file an Answer within that time period.**

Member Higginbottom seconded the motion. The Board approved the motion by a 4-0 vote. Member Rogal recused himself from this vote.

At 4:15 Member Higginbottom moved to adjourn. Member Mariano seconded the motion. The Board approved the motion unanimously by voice vote.

Respectfully submitted,

Monica Thomas
Secretary to the Board